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JUL 1964

Approp Budget

MEMORANDUM FOR: Executive Director-Comptroller

THROUGH : Director of Budget, Program Analysis, and
Manpower

SUBJECT : Economy Report, Fourth Quarter Fiscal Year 1964

REFERENCES : (a) Action Memo No. A-319 dtd 6 Dec 63 to multiple
addressees fr DDCI, subj: "President's Memorandum
on Government Economy(b) Memo dtd 13 Dec 63 to DDCI fr DD/S, subj:
"President's Memorandum on Government Economy

1. This memorandum is in response to paragraph 3 of reference (a).

2. In reference (b) I presented specific plans for economy measures designed to hold each Support office to its budgeted Fiscal Year 1964 level. I also presented the conditions under which each Support office could be held during Fiscal Year 1965 at the Fiscal Year 1964 level. A careful review of the commitments made in reference (b) indicates that the economy measures contemplated were, in fact, introduced. I plan continuation of our economy efforts with this same degree of persistence during Fiscal Year 1965.

Identifiable savings resulted throughout the Support area as a result of overtime controls. The quarterly rate of reduction amounts to annual savings of [redacted]. This rate approximates the desired reduction of 25 per cent below the Fiscal Year 1963 total for the Support area [redacted]

A review of newspaper and periodical subscriptions placed by Support offices has resulted in reductions which will save \$3,000 annually.

3. Economy measures introduced during the fourth quarter of Fiscal Year 1964 amounting [redacted] are detailed in the attachment. In the paragraph below the progress of each Support office in achieving economies during the fourth quarter is presented in detail.

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in personnel ceiling. Estimated annual savings will amount to one man-year and \$12,000.

Signed

L. K. White
Deputy Director
for Support

Attachment:

Summary of Recurring Savings Through
Support Area Workload Absorptions, Fourth
Quarter, Fiscal Year 1964

SPA-DD/S:JHP:fmf:(30 June 64)

Distribution:

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TRANSMITTAL SLIP		
TO: Colonel White		
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Recommend your signature.		
 JHP		
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DD/S 63-5414

DD/S REGISTRY

FILE *Approved Budget*
15 DEC 1963

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : President's Memorandum on Government Economy

**REFERENCE : Action Memorandum No. 319 to multiple addressees
fr DDCI, same subject**

1. This memorandum is submitted in response to the reference and reports the actions which I propose to take within the DD/S area to meet the President's desires as outlined in his memorandum of 30 November 1963 on Government economy. These actions are in accord with the following criteria:

a. The elimination or curtailment of an activity must result in a net cost reduction to the U.S. Government rather than a transfer of workload to some other component of the Agency or the U.S. Government.

b. The reductions proposed must not reduce support to CIA operations below the minimum acceptable levels to accomplish the Agency's mission and in a manner consistent with good security.

2. Office of Personnel

This office has no projects or programs as such that can be eliminated. Approximately 75% of their budget is for personal services and related expenses. The remaining 25% is expended for supplies, equipment, salaries for prisoners and travel for their families, medical expenses in accordance with the Government health program, etc.

On the assumption that the Agency's recruitment program is going to be sharply reduced, some savings can be anticipated in this area. However, these savings will be largely offset by unanticipated increases, not included in the Fiscal Year 1963 estimates, to meet the costs of increased medical rates in military hospitals abroad, the new provision for EOD travel for clerical appointees, and the administration of the proposed Early Retirement Program.

In common with other Support Components, the Office of Personnel has experienced an increased workload over the years entirely separate and apart from the accelerated recruitment program undertaken during the past year. Personnel actions processed in FY 1963 totaled 27,800 compared with 20,800 in FY 1961, an increase of about 33%.

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Agency-sponsored benefit programs such as group hospitalization and group life insurance have attracted broader employee participation with a resultant increase in claims to be processed in both fields.

I believe that the modest increase requested by the Office of Personnel for FY 1965 is justified. Their budget requests for the past several years have been unrealistically low and additional funds have had to be allotted to meet their obligations. I therefore propose to continue our Personnel Program at the FY 1965 level --

[REDACTED]

3. Medical Staff

[REDACTED]

In my judgment, our Medical Staff is already on an austerity program and cannot be reduced below the present level and still provide minimum acceptable medical service and support to the Agency. Some slight expansion is, in fact, necessary. Their budget request increased from FY 1963 to FY 1965 by only \$120,000 and I propose to continue this program at the level planned for in 1965 [REDACTED]

4. Office of Security

The over-all workload of this office has shown a continual increase during the past several years. The following statistics show the trend of the demands made for services in three areas:

<u>FY 1960</u>	<u>FY 1963</u>	<u>FY 1964</u> (Projected from first four months)
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[REDACTED]

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FY 1965 budget for GSA guards through the elimination, realignment, and reductions in hourly coverage of guard posts. This reduction in guard service would inconvenience Agency personnel who work after regular hours and could increase the danger of unauthorized and surreptitious entry with possible compromise of Agency assets. We will continue to examine this program to see what can be eliminated and still maintain adequate coverage.

I am convinced that our over-all security program is of such importance that we cannot afford to reduce our standards below the barely acceptable minimums which will be provided by the FY 1965 budget request. Pending completion of guard force requirements, I plan to continue this program at the FY 1965 level

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6. Office of Finance

Workload data concerning this office indicates that it has, over the years, increased its production sharply without commensurate increases in personnel. From FY 1957 through FY 1963 confidential funds vouchers and accountings have increased 71%; disbursements, 265%; the number of bank accounts, 135%; staff agents payrolled, 13%; and contract employees payrolled, 88%. In the vouchered funds area, vouchers processed have increased 85% and accountings 78%. During the same period, personnel strength has decreased by 2%. Since none of the finance functions can be eliminated and still comply with the various Government-wide laws, regulations, and management directives, its level of operations should not be reduced. In fact, because of its increased involvement in proprietary projects, monetary procurement,

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and increased workload in the Industrial Contract Audit Division which incentive contracting will entail, they need 8 additional personnel to do their work properly and without undue risk of mishandling funds. Accordingly, I plan to continue this program at the level planned for FY 1965 [REDACTED]

7. Office of Logistics

If CIA strength is frozen at its present level, we can eliminate our requirement for about 500,000 sq. ft. of space in a downtown Washington building at an estimated cost of \$2,225 million. This means no upgrading of existing space and no consolidation of units not located at Headquarters. This should be done sometime, but it can be deferred beyond FY 1965 if necessary. I see little other opportunity for reductions unless requirements are decreased. In particular, our Procurement Division is already overloaded. It must have some relief if we are to avoid the risk of costly contract errors and to embark upon a program of incentive-type contracting. I think it may be possible to curtail services such as space alterations, carpets, draperies, telephones, busses, etc., with additional savings during FY 1965

[REDACTED]

FY 1965. Further reductions will be made if requirements, such as printing services, are reduced.

8. Office of Communications

[REDACTED]

tor's personal wishes and instructions, and A-329. I propose to hold our Communications activities at their present level pending the conduct of an intensive station-by-station, activity-by-activity study to determine how best to reprogram. The reduced

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DD / S R E V I S T R Y
FILE *Approp. Budget*
6 December 1963

MEMORANDUM FOR: Director of Communications
Director of Finance ✓
Director of Logistics
Director of Personnel ✓
Director of Security
Director of Training ✓
Chief, Medical Staff ✓

SUBJECT : President's Memorandum on Government Economy

Colonel White has asked, in view of the deadline involved, that I get copies of the attached out to you immediately. Colonel White would like each of you to note this deadline and begin thinking in terms of your response. Mr. Lloyd and I are attending a meeting this afternoon of the Financial Policy and Budget Committee. If any guidance regarding the attached stems from this Committee meeting, I will pass it to you immediately. Colonel White plans to call a special staff meeting on this subject at an early date.

/s/
[Redacted]
Special Planning Assistant to the
Deputy Director for Support

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2 Attachments:

- Att 1: Action Memo No. 319 dtd 6 Dec 63
to multiple addressees fr DDCI,
same subject
Att 2: President's Memorandum

SPA-DD/S:JHP:fmf (6 Dec 63)

Distribution:

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OFFICE OF THE DIRECTOR

Action Memorandum No. 319

Date 6 December 1963

TO

Executive Director-Comptroller
Deputy Director for Intelligence
Deputy Director for Plans
✓ Deputy Director for Support
Deputy Director for Science and Technology
Inspector General
General Counsel

SUBJECT : President's Memorandum on Government Economy

REFERENCE:

1. Your personal attention is directed to the text of the memorandum for the heads of Departments and Agencies, dated November 30, 1963, from the President of the United States; copy is attached. In this he notes that the Executive Branch will be administered with utmost thrift and frugality and will set an example of economy. It is directed that the President's message be given most serious, continuous, and compelling attention and that you convene your staffs immediately to read, discuss, and receive the full impact of the President's statement. You should also discuss with your staffs the methods whereby the Agency will fully comply with both the specific requests and the intent of this memorandum.

2. Further, all plans and programs will be in strict accordance with the provisions of the President's message. You will submit in writing by 15 December to the Executive Director-Comptroller the actions which you propose to take within your area to meet the President's desires. The Executive Director-Comptroller will assemble for me, with comments and recommendations, these submissions.

3. Further, the Executive Director-Comptroller is directed to thoroughly review with you at least every 90 days the Agency's programs to effect a continuing improvement in the management of the Agency toward the end of economies or savings. The Executive Director-Comptroller will submit periodic reports on these reviews to me.

SUSPENSE DATE: 15 December 1963

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4. Actions under this directive, and forthcoming directives under the same subject, will be handled on a top priority basis both as to content and timing.

Marshall S. Carter
Lieutenant General, USA
Deputy Director

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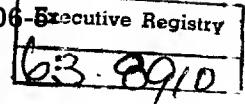
1 - Inspector General

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THE WHITE HOUSE

Washington

November 30, 1963

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

I have pledged that the Executive Branch will be administered with the utmost thrift and frugality; that the Government will get a dollar's value for a dollar spent; and that the Government will set an example of prudence and economy.

To carry out this pledge, I intend:

- To examine agency budget requests with the determination to hold the 1965 Budget to the barest minimum consistent with the efficient discharge of our domestic and foreign responsibilities.
- To give you my full support in your efforts to achieve administrative or legislative changes which will eliminate unnecessary procedures, curtail or drop programs of low utility, institute consolidations or other organizational economies, and effect savings in procurement.
- To support salary scales for civil servants, military personnel, and policy officials which will enable you to retain and recruit talented, energetic, and imaginative employees.
- To accord increased recognition to those governmental units and individuals that make notable advances in providing efficient service at lower cost.

To assist me in carrying out my pledge, I ask you:

- To assume personal day-to-day responsibility for making your agency a model of good management and economical administration.

- To press ahead vigorously with your program for manpower control and utilization which you developed in response to President Kennedy's directive of October 11, 1962.
- To hold agency employment at or below the personnel targets established in response to President Kennedy's statement to the Cabinet of September 23, 1963.
- To make clear to your staff that each Government employee is responsible, not only for doing his assigned job to the best of his ability, but also for devising and proposing ways to improve his performance.
- To seek the advice of Committees of the Congress, and of private organizations and individuals, in finding ways to do the public business more economically.
- To submit to me promptly a report of major cost reduction actions taken during the past year, and a statement of the steps which you propose to take in the next year to tighten your operations and effect savings.

The Federal Government has reason to be proud of its many recent achievements in management improvement. But we cannot rest on past accomplishments. There are as many savings to be made in the future as have ever been made in the past. The citizen's faith in free government is strongly influenced by the extent of his confidence that public servants are alert and efficient in conserving the Nation's resources entrusted to their care. For this reason, we must work hard to reduce the costs of Government, not only for the sake of the savings to be made, but also in the interest of vindicating the people's confidence in the institutions of democracy.

signed Lyndon B. Johnson

EG. HW 64 01 9 330